

**North Carolina HIE
Finance Workgroup
June 23, 2010 Meeting Notes**

The North Carolina Health Information Exchange (NCHIE)'s Finance Workgroup's first conference call was held from 4:00 – 6:30 p.m. on Wednesday, June 23, 2010. The public was invited to attend.

Meeting Attendees – Workgroup Members	
Name	Organization
O'Connor, Maureen (Co-Chair)	BCBSNC
Tayloe, Dave (Co-Chair)	American Academy of Pediatrics
Bell, Mark	NC Hospital Association
Harris, Brian	Rural Health Group
Hughes, Yvonne	Coastal Connect HIE
Owen, Steve	NC Medicaid
Sangvai, Devdutta	Duke University Medical Center
Steiner, Beat	Community Care of NC at UNC
Meeting Attendees – Members of the Public	
Cline, Steve (Board Member)	NC Department of Health and Human Services
Ellis, Kimberly	Oracle
Hamburger, Sheldon	CareNet Foundation
Hardy, Alesia	
Ross, Lus	NC HIMSS
Ragura, Mark	Axial Exchange
Weniger, Andrew	NCHICA
Staff	
Alan Hirsch	NCHIE
Anita Massey	NCHIE
Sandra Ellis	NCHIE
Joseph Ray	Manatt Health Solutions
Lammot du Pont	Manatt Health Solutions
Brenda Pawlak	Manatt Health Solutions
Allison Garcimonde	Manatt Health Solutions

Agenda

- Welcome, Roll Call and Meeting Objectives
- Evolving Statewide HIE Landscape
- Update on Other Workgroups
- Data Collection Update
- Modeling Assumptions
- Next Steps & Open Public Comment

Items of Business

- **Please refer to June 23rd Finance Workgroup Meeting Slide Deck.**

Welcome, Roll Call and Meeting Objectives:

- The Workgroup reviewed the overall project timeline and meeting objectives which included:
 - Review data collection progress and identify gaps
 - Review HIE financial modeling approach and come to consensus on key assumptions/drivers
 - Discuss characteristics specific to North Carolina that may impact financial modeling

Evolving Statewide HIE Landscape:

- The Workgroup heard a presentation regarding the evolving landscape for statewide HIE (see meeting slide deck). The presentation included discussion of the basic components of HIE, types of data currently being exchanged and services being offered by existing HIEs, and profiles of existing operational regional HIEs and plans for other statewide HIEs.

Update on Other Workgroups:

- The Workgroup reviewed the recommendations thus far made by the other NC HIE Workgroups and received an update regarding the June 15th NC HIE Board Meeting.

Data Collection Update:

- The Workgroup reviewed ongoing data collection efforts including:
 - Hospital data – Manatt WG leads have held an initial call with Mark Bell and the NC Hospital Association to discuss data collection needs in detail. Several data collection efforts are currently ongoing in the state and need to be coordinated. NCHA will send through agreed-upon data in the near future for the Finance Workgroup's use in financial modeling.
 - BCBS Data – Initial call was held with Christine Jacobs of BCBS to discuss data collection needs in detail. Initial data collection runs have been produced and are being reviewed by BCBS. The available data will be released to the Finance Workgroup by next Friday, July 2. Available data will include information on physicians with regard to number and type, and the Workgroup will have to decide whether that information can be used as a

proxy to apply relevant percentages to all practicing physicians in the state. The data will also include information on Provider Organizations including provider offices and associated providers, labs and radiology centers. The data will not include information on FQHCs, RHCs, or rates of EHR adoption.

- Workgroup member Yvonne Hughes of Coastal Connect volunteered to share with the Workgroup provider data from 2009 that Coastal Connect collected regarding provider type and other relevant provider info.

Modeling Assumptions:

- The Workgroup reviewed the overall Financial Modeling Approach and HIE Model Approach Steps (see slide deck).
- The Workgroup discussed timeline for financial modeling, noting that the whole financing approach does not need to be completed in time for inclusion in the Operational Plan and that the longer-term sustainability plan does not need to be submitted before July 2011.
- The Workgroup discussed and either approved, modified, or rejected the following proposed key assumptions underlying the financial modeling approach:
 - Governance and operations cost inputs will focus on the State-level HIE and not the governance and operations costs of any Regional Health Information Organizations (RHIOs) or local HIEs.
 - Some states have chosen to use the funding allotted for statewide HIE and issue it to local/regional HIEs in the form of grants; Workgroup must consider whether the statewide HIE will put any funding toward RHIOs to support their governance structures and/or the services they offer or whether statewide HIE funding will be used only to support statewide HIE services.
 - **Workgroup approved this assumption, subject to revision based on the decisions made by the other Workgroups**, particularly the Governance and Technical/Clinical Operations Workgroups regarding the recommended model for the statewide HIE structure and related role of regional/local HIEs.
 - Costs for participants' connectivity to the HIE will be based on adoption curves by participant type.
 - **The Workgroup approved this assumption.**
 - The financial model will exclude participant costs to implement new EHRs or remediate existing EHRs and clinical information systems (CIS), with the exception of Medicaid system implementation/remediation required for HIE and the estimated cost for portion of providers that will connect to the HIE using an HIE-provided EHR Lite.
 - Though Workgroup will have to make assumptions regarding who has adopted EHRs, who will adopt EHRs, what systems they will be using, etc. in developing the financial model, the model will exclude participant costs to implement or remediate EHRs.
 - **The Workgroup approved this assumption.**

- The financial model will identify additional value-added products/services that can help drive revenue, and will include potential added costs for incremental development and delivery.
 - **The Workgroup approved this assumption.**
- The Workgroup reviewed an initial list of potential costs related to governance and operations of the statewide HIE entity and were asked to consider whether the budget submitted as part of the State HIE Cooperative Agreement grant application could be leveraged as a starting point for an estimate of these costs.
 - Workgroup members involved in the creation of the HIE Cooperative Agreement application stated that the budget included in the application should not be used as the foundation for financing efforts moving forward and that the Finance Workgroup could proceed with a “blank slate.” Workgroup members decided that the Governance Workgroup’s recommendations related to governance/operations of the statewide HIE entity would instead be used to estimate cost for related activities.
 - Workgroup members were asked, but did not identify, any items missing from the list of potential Governance/Operations costs.
- The Workgroup reviewed a list of potential costs related to core infrastructure for the statewide HIE infrastructure and were asked to approve the use of public cost information from Requests for Information (RFIs) issued in other states to inform estimates of core infrastructure costs (rather than issue an RFI in North Carolina to inform cost estimates, which would be impossible due to time constraints).
 - Workgroup members approved the use of publicly available cost information from RFIs in other states to inform its estimate of core infrastructure costs.
- The Workgroup reviewed a list of potential costs related to participants’ connectivity and were asked to share their thoughts on potential connectivity approaches in order to discuss implications for financing.
 - Workgroup decided that the overall connectivity approach would need to emerge from other NC HIE Workgroups, particularly the Technical/Clinical Operations Workgroup and Governance Workgroup, which would then inform the Finance Workgroup’s estimates of connectivity costs.
 - Workgroup approved the use of publicly available cost information from RFIs issued in other states to inform the estimate of connectivity costs once additional decisions on overall connectivity approach are put forth by the other NC HIE Workgroups.
- The Workgroup reviewed a list of potential costs related to value-added services.
 - Workgroup members were asked, but did not identify, items missing from the list of potential costs associated with value-added services.
- The Workgroup reviewed a table showing potential sources of upfront financing for the statewide HIE, including a number of ARRA-related grants awarded to the state for HIT and HIE initiatives. Workgroup members were asked to consider any additional sources of potential upfront financing and to share their thoughts with the broader Workgroup as the financial model is developed.

- The Workgroup reviewed a table showing potential sources of ongoing revenue for the statewide HIE and were asked to begin initial discussion of how connectivity costs and costs for use of value-added services might be applied to participants (whether they might be subsidized in some way, passed through, or marked up).
 - Workgroup members stated that future discussion would need to focus on what participants would view as a benefit/value of participating in the statewide HIE so that the group could make some assumptions about what those participants would be willing to pay for and how much they would be willing to pay. Workgroup recognized that revenue models would need to shift based on how adoption happens and what services are seen to bring the most value to providers.

Next Steps & Open Public Comment:

- The Workgroup recapped assignments for data collection effort and identified gaps in data to be addressed in the coming weeks (including needed collection of data on free clinics, regional HIOs, border states, etc.)
- The Workgroup will continue discussion of revenue concepts and principles, despite needing more information from other Workgroups regarding key assumptions to inform considerations of ongoing revenue (such as overall connectivity approach).

Key Decisions

- The Workgroup approved the following key assumptions that will be built into the financial modeling approach:
 - Governance and operations cost inputs will focus on the State-level HIE and not the governance and operations costs of any Regional Health Information Organizations (RHIOs) or local HIEs.
 - This assumption is subject to revision based on the decisions made by the other Workgroups, particularly the Governance and Technical/Clinical Operations Workgroups regarding the recommended model for the statewide HIE structure and related role of regional/local HIEs.
 - Costs for participants' connectivity to the HIE will be based on adoption curves by participant type.
 - The financial model will exclude participant costs to implement new EHRs or remediate existing EHRs and clinical information systems (CIS), with the exception of Medicaid system implementation/remediation required for HIE and the estimated cost for portion of providers that will connect to the HIE using an HIE-provided EHR Lite.
 - The financial model will identify additional value-added products/services that can help drive revenue, and will include potential added costs for incremental development and delivery.

Action Items/Next Steps
<ul style="list-style-type: none">• Manatt to continue coordination of data collection effort.• Workgroup members to send in any data that may be helpful to creation of financial model.• Mark Bell of NC Hospital Association to share identified data with Workgroup.• NC BCBS to share identified data with Workgroup.• Yvonne Hughes of Coastal Connect to share identified data with Workgroup. <p>NEXT MEETING:</p> <ul style="list-style-type: none">• Continued data collection to inform financial model.• Review initial draft of financial model components and adoption assumptions.• Review sources, guiding principles and approach for ongoing revenue.
Next Meeting
<ul style="list-style-type: none">• The Workgroup's Finance Workgroup will next meet on July 8th from 4-6:30 p.m.<ul style="list-style-type: none">– Location for in-person attendees: North Carolina Hospital Association– Dial-in information for those wishing to participate via phone:<ul style="list-style-type: none">• 1-866-922-3257, Participant code: 654 032 36#